



UNITED BROTHERHOOD OF CARPENTERS AND JOINERS OF AMERICA

Douglas J. McCarron

General President

Oppose the Free Trade Agreement with Peru

November 2, 2007

Dear Representative:

On behalf of the 550,000 members of the United Brotherhood of Carpenters, I am writing to urge you to reject the proposed Free Trade Agreement with Peru that will shortly be coming to a vote in the House of Representatives.

We strongly oppose this trade deal for two principal reasons. First, the specific agreement is seriously flawed in its protections of the interests of American workers. Secondly, its passage would further extend and add yet another precedent for the trade policies of the last 15 years that have cost America millions of jobs, undercut our financial stability and eroded our national security. Given this dismal record, the time has come for a moratorium on all such trade deals pending a thorough review of US trade policy and an open and honest debate on its future direction.

Regarding the agreement itself, we appreciate that the Ways and Means Committee has made some improvements in the labor provisions of the original language negotiated by the Bush administration with the government of Peru. But the changes do not repair its fatal weaknesses.

Among them are:

1. The added language appears to oblige both parties to adopt the 1998 Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO). But the obligations are specifically delimited to "refer only" to the declaration itself, not to the accumulated body of law that has been developed to interpret the declaration in a way that it can be applied to actual real world conditions. This narrowed language – inserted at the insistence of those who have strongly opposed effective labor protections here and abroad – is clearly designed to allow dispute settlement panels, traditionally biased against workers' protections, to define away the protections intended by the Declaration.
2. Enforcement of any worker protections depends on the initiative of the Bush Administration, which has been opposed to such efforts from the beginning. Moreover, even under a future administration more sympathetic to labor rights, the current structure of US Government trade policymaking depends largely on bureaucracies, and their supporting interest groups, in the Departments of State, Commerce and the Office of the US Trade Representative whose mission has been interpreted as the promotion of trade agreements, not the promotion of the interests of American workers. It is essential that we reorganize the Federal Government's trade policy apparatus before we take any new initiatives in this area.
3. The Peru agreement retains the foreign investor provisions of the North American Free Trade Agreement's notorious Chapter 11, which gives extraordinary privileges to foreign businesses (and in all likelihood foreign subsidiaries of US-based multinationals) in order to challenge the procurement and other policies of democratically elected federal, state and local governments. Indeed these dangerous provisions are actually strengthened in ways that make wage and other labor standards in strictly domestic construction projects vulnerable to decisions by secret international tribunals. This could have seriously negative effects on many of our members, as well as state and local economic development programs throughout the country. Most Americans would be

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shocked to learn that our government is signing trade agreements that inhibit localities from spending in ways that promote local job growth.

Regarding the larger question of US trade policy, our members have become increasingly alarmed at its direction ever since the passage of the North American Free Trade Agreement in 1993. Prior to NAFTA, the accession to the WTO, the opening up of the US economy to unconstrained trade from China, CAFTA and other recent trade deals, their promoters promised the Congress and the American people that these agreements would generate trade surpluses and net gains in new jobs at good wages for Americans. In the case of NAFTA, we were promised that an economic boom in Mexico would result in dramatic decline in illegal immigration. The result has been exactly the opposite – trade deficits, millions of jobs lost, wage stagnation and, in the case of NAFTA, more illegal immigration. Millions of Mexican workers have been forced out of their country by slow growth and low wages. It is worth noting that according to the World Bank, Mexico in 2006, 12 years after the implementation of NAFTA, had the slowest economic growth of any country in Latin America.

Certainly there have been “winners” from these trade deals; those companies in the US and other countries that profit from sweat shop wages and working conditions that undercut the bargaining power of ordinary workers struggling to raise a family. But the overwhelming majority of people who work for a living have been losers. Economists may argue over the exact impact trade has made to real wage stagnation and rising inequality in America, but that it has made a major contribution is not in doubt. As a recent study by the Economic Policy Institute showed, a typical American working household lost more than \$2,000 in wages because of foreign trade. This amount is roughly the entire annual federal income tax bill paid by the same type household. The promoters of unregulated trade rationalize the loss of jobs and wages on the grounds that imports provide low prices. But surveys consistently show that job security and opportunity is a more important value for the majority of Americans than cheaper sneakers or CDs.

In addition to the direct impact of trade deficits on jobs and wages, the American people and their children are going to be stuck with a foreign debt now running close to \$800 billion a year. The debt is a result of trade deficits financed by borrowing from the rest of the world and selling off our assets. This self-destructive process is already being revealed by the relentless fall of the dollar.

We therefore join a growing number of Americans who believe that the US Congress should declare an immediate halt to all new trade agreements, pending a full and open review of American trade and investment policies, and the development of a credible strategy to maintain American living standards in a globalizing economy. We consider the upcoming vote to be a critical indicator of support for working Americans in general and members of the United Brotherhood of Carpenters in particular.

We support rational trade between the United States and other sovereign nations. Our goal is to make sure that, in this new age of rapid globalization, such trade takes place under rules that are rational and fair to working people here and abroad. Both in terms of its specifics and its implication for American trade policy, the proposed free trade agreement with Peru fails the test of fairness and common sense. We therefore respectfully urge you to vote no.

Sincerely


GENERAL PRESIDENT

DJM / mlb

C: Officers & District Vice Presidents
All US Councils
All US Political Directors